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# DEPARTMENT OF VETERANS AFFAIRS

Office of Acquisition & Materiel Management

National Acquisition Center



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# **WELCOME**

## **FSS TRAINING 101**

### **May 24, 2006**



# INTRODUCTION

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- Introductions
- Agenda
- Handouts
- General Information
  - NAC Industry Conference
  - Lunch – Restaurant Listing
  - Assistance



# What is the FSS Program?

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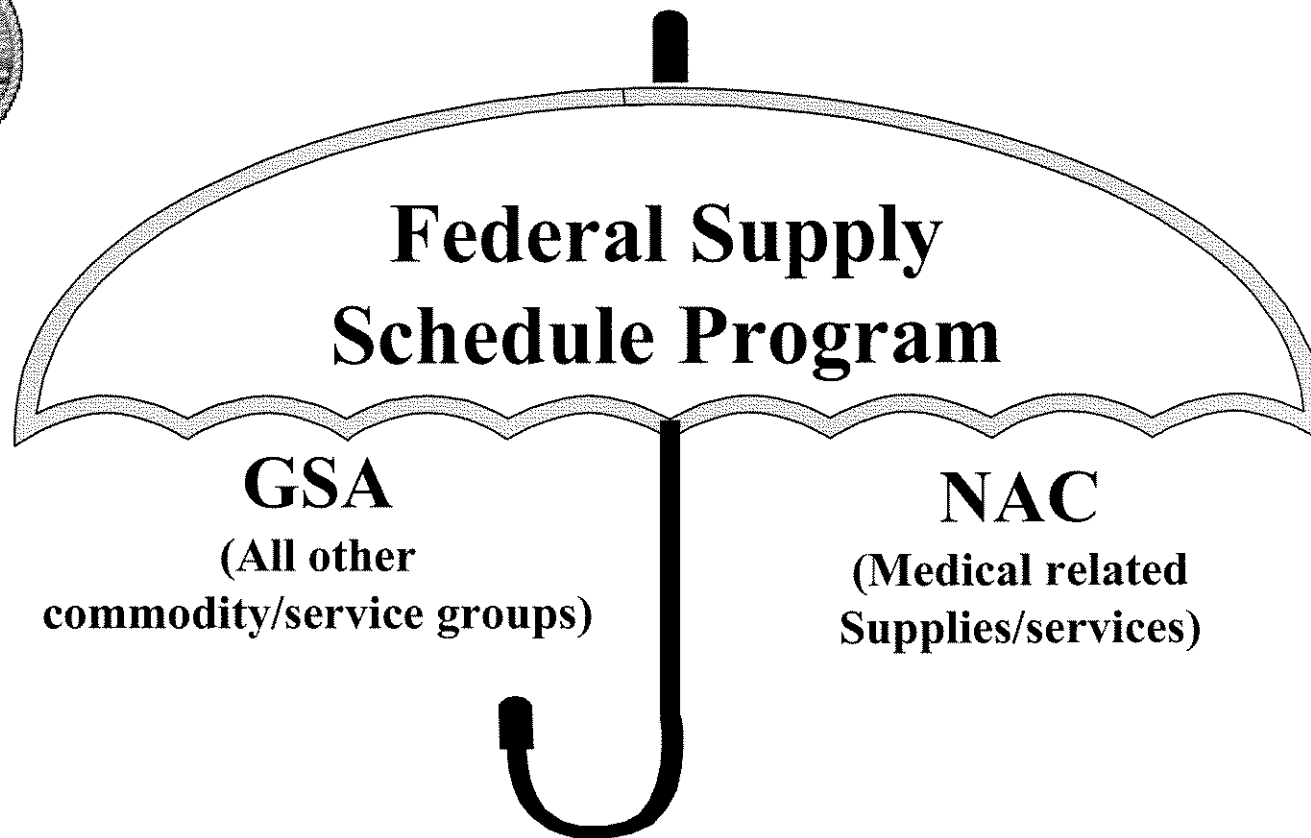
- Listing of contracts to multiple companies supplying comparable commercial supplies and services.
- National contracts awarded to responsible vendors to provide supplies and services at established prices, terms and conditions.



# What is the FSS Program?

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- Historically, just about any type of commercial item the government uses from paper clips, to fire engines were on FSS.
- Federal Acquisition Streamlining Act in 1994 and Clinger Cohen Act in 1996 expanded the definition of commercial item to include services.
- With the new flexibilities available through procurement reform, FSS program was expanded to include services.



**Authority – GSA delegated to Veterans Affairs National Acquisition Center the responsibility for the Federal Supply Schedule program for medical care related supplies, equipment, pharmaceuticals and services.**



# Federal Supply Schedule Service

## Overview of the VA Schedules Program

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- 65 I B - Drugs and Pharmaceutical-related Products
- 65 II A - Medical Equipment and Supplies
- 65 II C - Dental Equipment and Supplies
- 65 II F - Patient Mobility Devices
- 65 V A - X-Ray Film, Equipment and Supplies
- 65 VII - Diagnostic, Reagents, Test Kits and Sets
- 66 III -Cost-Per-Test for Clinical Laboratory Analyzers
- 621 I - Professional and Allied Healthcare Staffing Services
- 621 II - Medical Laboratory Testing and Analysis Services



# What is the FSS Program?

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## Structure

- Product/Service Groups delineated by Federal Supply Class (FSC)/Product Service Codes (PSC).
  - 65 & 66 – medical-related
  - 621 – medical service-related
- Products/Services also further delineated by Special Item Numbers (SIN) and Subcategories.





# Who is Eligible?

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- Authorized Users – All Federal Agencies and activities in the Executive, Legislative, and Judicial Branches
  - Includes State Veteran Homes with Sharing Agreements
  - FAR Part 51 authorized representatives
  - GSA Website for agency eligibility:
    - [www.fss.gsa.gov/portal/gsa/ep/contentView.do?&contentId=8128&contentType=GSA\\_Basic](http://www.fss.gsa.gov/portal/gsa/ep/contentView.do?&contentId=8128&contentType=GSA_Basic)



# Federal Supply Schedule Program

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## Type

- Multiple Award Contract
- Indefinite Delivery, Indefinite Quantity (IDIQ)
- Guaranteed minimum/maximum (varies per commodity)
- Firm Fixed-Price Contract with Economic Price Adjustment
- Open and Continuous Solicitation Cycle
- They are multi-year (5 years base), with option to extend for up to an additional 5 years

## Scope

- National and World-Wide Coverage contracts awarded to responsible manufacturers, distributors or dealers.



# Federal Supply Schedule Program

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## Benefits for Contractors:

- Closely mirrors commercial buying practices.
- Streamlined contract vehicle for selling to the entire Federal Government.
- New supplies/services may continually be introduced to the system.
- Ordering activities place orders directly with vendors.
- Participation with just-in-time distribution
  - Pharmaceutical Prime Vendor
  - Med/Surg Prime Vendor



# Federal Supply Schedule Program

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## **Benefits for Agencies:**

- Ordering activities are not required to synopsise/advertise. [www.fedbizopps.gov](http://www.fedbizopps.gov)
- Prices have already been determined fair and reasonable.
- All ordering activities, large or small, even those in remote locations, are provided with the same services, convenience, and pricing.
- Shorter lead-times, lower administrative costs.
- Enables the customer to focus on the quality of the product or service acquired and not the process to acquire it.



# Federal Supply Schedule Program

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## Major Characteristics:

- **Product Availability-** Similar and Identical products are available from multiple sources (more than one contractor) providing a variety of products and services.
- **Other Terms and Conditions, such as:**
  - Delivery terms
  - Return goods policy
  - Warranty and liability statements
- **Open & Continuous Solicitations** – Vendors may submit offers at any time vs. once a year. This allows contractors to provide the latest technology to Federal customers.



# Federal Supply Schedule Program

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## Major Characteristics

- **Worldwide Deliveries:**
  - Domestic (48 Contiguous States, DC, Hawaii, Alaska and Puerto Rico)
  - Overseas (Overseas destination other than AK, HI & PR)
- **FOB Destination Pricing (except 65 VII)**
  - At a minimum, includes the 48 Contiguous States and DC.
- **Use of Government Purchase Card (Smart Pay Program)** for micro purchases (at or below \$2,500). Moving to mandatory requirement.
  - Point of contact at GSA – 703-305-6658
- **Economic Price Adjustments (EPA)** Allows price increases as required/allowed. At least a 30 day lapse and no increase within 60 days of contract expiration.



# FSS Solicitation Package

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- A solicitation is a document that contains terms and conditions that apply to the procurement as well as identifications of products and services solicited and the time of performance of any ensuing contract.
- Each program has its own solicitation package
- A solicitation becomes an offer when a contractor completes, signs and submits it.
- A completed solicitation package typically contains the solicitation, brochure/literature, 2 copies of the offeror's commercial pricelist and any related attachments.



# Solicitation Package Content

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- Cover Page Notices
- Standard Form 1449 –  
Solicitation/Contract/Order for Commercial  
Items
- Schedule of Items (SIN)
- Clauses
- Commercial Sales Practices
- Small Business Subcontracting Plan
- Other Related Attachments





# How to complete the Solicitation Package

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- **Cover Pages Notices**
  - General Information
  - Notice of significant changes (since last issuance)
  - Remove prior to sending
  
- **Standard Form 1449**
  - 1<sup>st</sup> page to complete
  - Name & Address – important
  - Authorized signatory



# How to complete the Solicitation Package

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- **Clauses**
  - Not vendor choice, all relevant
  - Encourage to read all
  - Complete necessary sections (use Handy Index)
- **Commercial Sales Practices (CSP)**
  - Disclosure of commercial sales practices
    - Commercial Customer Identification
    - Discounts
    - Volume requirements
    - FOB Terms
    - Additional Concessions



# How to complete the Solicitation Package

## Commercial Sales Practice (CSP) (see handout)

Note: Please refer to clause 552.212-70, PREPARATION OF OFFER (MULTIPLE AWARD SCHEDULE), for additional information concerning your offer. Provide the following information for each SIN (or group of SINs or SubSIN) for which information is the same.

1. Provide the dollar value of sales to the general public at or based on an established catalog or market price during the previous 12 month period or the offerors last fiscal year.  
SIN \$ \_\_\_\_\_ SIN \$ \_\_\_\_\_ SIN \$ \_\_\_\_\_  
State beginning and ending of the 12 month period. Beginning \_\_\_\_\_ Ending \_\_\_\_\_. In the event that a dollar value is not an appropriate measure of the sales, provide and describe your own measure of the sales of the item(s).
2. Show your total projected annual sales to the Government under this contract for the contract term, excluding options, for each SIN offered. If you currently hold a Federal Supply Schedule contract for the SIN the total projected annual sales should be based on your most recent 12 months of sales under that contract.  
SIN\$ \_\_\_\_\_ SIN \$ \_\_\_\_\_ SIN \$ \_\_\_\_\_
3. Based on your written discounting policies (standard commercial sales practices in the event you do not have written discounting policies), are the discounts and any concessions which you offer the Government equal to or better than your best price (discount and concessions in any combination) offered to any customer acquiring the same items regardless of quantity or terms and conditions? YES \_\_\_\_\_ NO \_\_\_\_\_. See definition of "concession" and "discount" in 552.212-70.
4. (a) Based on your written discounting policies (standard commercial sales practices in the event you do not have written discounting policies), provide information as requested for each SIN (or group of SINs for which the information is the same) in accordance with the instructions at Table 515-1 which is provided in this solicitation for your convenience. The information should be provided in the chart below or in an equivalent format developed by the offeror. Rows should be added to accommodate as many customers as required.

Column 1	Column 2	Column 3	Column 4	Column 5
Customer	Discount	Quantity/Volume	FOB Term	Concessions



# How to complete the Solicitation Package

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## Commercial Sales Practice (CSP) (see handout)

- (b) Do any deviations from your written policies or standard commercial sales practices disclosed in the above chart ever result in better discounts (lower prices) or concessions than indicated? YES \_\_\_\_ NO \_\_\_\_ . If YES, explain deviations in accordance with the instructions at Table 515-1 which is provided in this solicitation for your convenience
5. If you are a dealer/reseller without significant sales to the general public, you should provide manufacturers' information required by paragraphs (1) through (4) above for each item/SIN offered, if the manufacturer's sales under any resulting contract are expected to exceed \$500,000. You must also obtain written authorization from the manufacturer(s) for Government access, at any time before award or before agreeing to a modification, to the manufacturer's sales records for the purpose of verifying the information submitted by the manufacturer. The information is required in order to enable the Government to make a determination that the offered price is fair and reasonable. To expedite the review and processing of offers, you should advise the manufacturer(s) of this requirement. The contracting officer may require the information be submitted on electronic media with commercially available spreadsheet(s). The information may be provided by the manufacturer directly to the Government. If the manufacturer's item(s) is being offered by multiple dealers/resellers, only one copy of the requested information should be submitted to the Government. In addition, you must submit the following information along with a listing of contact information regarding each of the manufacturers whose products and/or services are included in the offer (include the manufacturer's name, address, the manufacturer's contact point, telephone number, and FAX number) for each model offered by SIN:
- Manufacturer's Name
  - Manufacturer's Part Number
  - Dealer's/Reseller's Part Number
  - Product Description
  - Manufacturer's List Price
  - Dealer's/Reseller's percentage discount from List Price or net prices



# How to complete the Solicitation Package

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## Documentation and Justification

- Justifying your offer
  - Provide complete rationale, when Gov't is not offered equal to or better than your best commercial customer pricing
  - Provide copies of commercial agreements, when relevant
  - Contracting Officer will request additional information as needed to support the data



# How to complete the Solicitation Package

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- Timeframes for submission
  - For follow-on contract – coordinate with enough time to meet expiration date
  - For new – at vendor's discretion
- Assigned/Reviewed/Clarifications, etc.

If not completely correct, the Contracting Officer will work with the vendor to provide an opportunity to submit additional information to update minor deficiencies/clarifications.
- Questions - POC



# How to complete the Solicitation Package

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## Trade Agreements Act

- Buy American – does not apply
- Substantially transformed (wholly different product)
- Proposed Legislation
- Customs website:  
<http://www.customs.ustreas.gov/>



# How to complete the Solicitation Package

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## TRADE AGREEMENTS ACT

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Products offered under this solicitation having countries of origin *other than* the United States, "Designated Countries" means a "World Trade Organization Government Procurement Agreement (WTO GPA)", "Free Trade Agreement (FTA)", "Least Developed Country", or "Caribbean Basin Country" will not be considered for award. "Designated Countries" are listed below. (Current as of 6/23/05. Subject to change)

### DESIGNATED COUNTRIES:

#### WORLD TRADE ORGANIZATION GOVERNMENT PROCUREMENT AGREEMENT

##### (WTO GPA) COUNTRIES:

Aruba	France	Japan	Poland
Austria	Germany	Korea, Republic of	Portugal
Belgium	Greece	Latvia	Singapore
Canada	Hong Kong	Liechtenstein	Slovak Republic
Cyprus	Hungary	Lithuania	Slovenia
Czech Republic	Iceland	Luxembourg	Spain
Denmark	Ireland	Malta	Sweden
Estonia	Israel	Netherlands	Switzerland
Finland	Italy	Norway	United Kingdom

Removed: Botswana, Western Samoa Added:

##### LEAST DEVELOPED COUNTRIES:

Afghanistan	Democratic Republic of Congo	Lesotho	Senegal
Angola	Djibouti	Madagascar	Sierra Leone
Bangladesh	East Timor	Malawi	Solomon Islands
Benin	Equatorial Guinea	Maldives	Somalia
Bhutan	Eritrea	Mali	Tanzania
Burkina Faso	Ethiopia	Mauritania	Togo
Burundi	Gambia	Mozambique	Tuvalu
Cambodia	Guinea	Nepal	Uganda
Cape Verde	Guinea-Bissau	Niger	Vanuatu
Central African Republic	Haiti	Rwanda	Yemen
Chad	Kiribati	Samoa	Zambia
Comoros	Laos	Sao Tome and Principe	

##### CARIBBEAN BASIN COUNTRIES:

Antigua and Barbuda	Dominica	Haiti	Nicaragua
Aruba	Dominican Republic	Honduras	St. Kitts and Nevis
Bahamas	El Salvador	Jamaica	St. Lucia
Barbados	Grenada	Montserrat	St. Vincent and the Grenadines
Belize	Guatemala	Netherlands Antilles	Trinidad and Tobago
British Virgin Islands	Guyana		
Costa Rica			

##### FREE TRADE AGREEMENT COUNTRIES:

Australia, Canada, Chile, Mexico, Morocco or Singapore.





# Proposal Submission Review

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## Pre-award reviews:

- Over \$3 million to \$5 million per year (dependent upon commodity), Office of Inspector General (OIG)
- Review offer for accuracy, completeness, and currency
- Recommend pricing position
- Vendor will update, if discrepancies



# Proposal Submission Review

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## Required before award:

- Equal Employment Opportunities Compliance (If estimated award value is over \$10 million)
- Trade Agreements Act (see handout): for all programs over \$193,000 – this applies to all VA FSS programs
- FDA Approval for pharmaceuticals
- 510K pre-market approval for Medical/Surgical
- Vets 100
- CCR



# Proposal Submission Analysis

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## **Government Contract Specialist will:**

- Identify proposed items
- Identify proposed discounts
- Identify proposed commercial pricelist
- Identify other proposed concessions/terms, i.e.:
  - Quantity/BPAs
  - Installation
  - Warranty
  - Incentive programs
  - Return goods
  - Prompt payment terms
  - Rebates



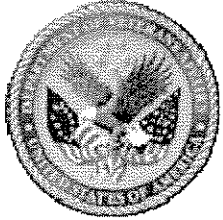
# Proposal Submission Analysis

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## Government Price Analysis:

- Starting Point for negotiations - Most Favored Commercial Customer (MFC):

*“Defined as that customer or class of customer which receive(s) the best discount and/or price arrangement on a given item from a supplier. The term includes any entity which does business with the supplier. In MAS contracting, the Government’s negotiation objectives are developed based on a comparison of the MFC arrangement. “*



# Proposal Submission Analysis

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## Government Price Analysis (cont'd):

- Purpose
  - Identify price objectives
  - Foundation for strategy
  - Review against current FSS contracts
  - Factors that affect objectives:
    - Volumes
    - Current market conditions
    - MFC determination
    - Special concessions, terms/conditions
    - Price adjustment provision



# Negotiation Process

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## How we negotiate:

- Offers evaluated independently
- Identification of MFC pricing
- Identification of MFC terms and conditions
- Establishment of negotiations targets
- Negotiation discussions – usually conference call
- Final Pricing Revisions (FPR) – document from which award decision is made



# Negotiation Process

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## What do we negotiate?

- Tracking Customer
- Basic Discount
- Quantity Discount
- Delivery Terms
- Prompt Payment
- Return Goods Policy
- Expedited Delivery
- Warranty terms
- Installation/Training
- Software License Agreements
- Leasing/Rental Terms
- Annual rebates
- BPA/Incentive Programs
- Distribution Program
- Minimum Orders



# Negotiation Process

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## Tracking Customer

- Price Reduction Clause (see handout)
  - Establishment of commercial relationship to track award against
  - Paragraph (a) – Before award of a contract, the CO and the offeror will agree upon:
    - The customer (or category of customers) which will be the basis of award, and
    - The Government's price or discount relationship to the identified customer (or category of customers)





# Negotiation Process

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## Tracking Customer (cont'd)

- Terms:
  - Agreement of both parties
  - Start with category, helps to avoid future concerns
  - New companies – possible - All Commercial Customers
  - Tracking customer ratio determined by dividing discount relationship to Gov't by discount relationship to agreed upon tracking customer



# Negotiation Process

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## Tracking Customer (cont'd)

- **VERY IMPORTANT**

- Agreed to tracking customer and subsequent ratio will affect price changes
- If the ratio is disturb with a decrease to commercial customer, automatic to Government
- If tracking customer did not receive increase, Government cannot
- Very important to understand this relationship



# Negotiation Process

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## Tracking Customer (cont'd)

- Included in award documents:

“If the identified tracking customer’s contract/agreement has been cancelled, terminated, has expired, or the tracking customer has merged with another group, the CO shall be notified within 10 calendar days after the event occurs, and, if possible, before the event occurs.”



# Negotiation Process

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## Tracking Customer Example

Awarded FSS price:	\$5.00
MFC price at award:	\$10.00
List price at award:	\$20.00
Awarded tracking customer =	MFC
Tracking customer changed price:	\$15.00
List Price Change:	\$40.00

*What would be the acceptable Government price increase?*



# Negotiation Process

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## Tracking Customer Example

Answer:

- 1) Ratio =  $\$5/\$10 = .5$
- 2) Commercial pricelist change noted
- 3) Apply ratio to current tracking customer:

Ratio times new tracking customer price

$$.5(\$15) = \$7.50$$

*The highest price that can be accepted by the Gov't would be limited to \$7.50.*



# Negotiation Process

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## Final Proposal Revision (FPR)

- Reiteration of all agreed upon issues
  - Will include pricing, terms and conditions
  - Award decision made from this document
  - Must be complete
  - Must be signed by an authorized signatory



# Award Decision

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- Determining factors:
  - Is it in the best interest of Government?
  - Did we achieve a fair and reasonable price?
  - Is Offeror responsive and responsible.
  - Did offeror complete all certifications and regulatory requirements in their entirety?
  - Is past performance history satisfactory?
  - Are they financially capable?

If yes to all ---

contract is awardable.

- In house review –Over \$500,000, (above AD)



# Post-Award Actions

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## **After the contract is awarded**

- The vendor must prepare and distribute an “Authorized Federal Supply Schedule Pricelist” to the VA National Acquisition Center. (Paper and Electronic)
- Maintain Authorized FSS Schedule Pricelist and provide copies to any authorized schedule user, upon request.





# Post-Award Actions

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- **Modification Clause** – During the performance of the contract, the contractor may:
  1. Add new products and services
  2. Delete obsolete products and services
  3. Administrative changes
  4. Item number changes
  5. Novation/Name change
- **Economic Price Adjustment (EPA)** – This clause allows contractors to increase/decrease prices in accordance with their commercial practice. Requests for price decreases may be submitted anytime during the contract period.
- **Price Reduction Clause** – the Government's price or discount relationship to the identified tracking customer (individual or category of customer) must be maintained throughout the life of the contract.



# Post-Award Actions

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- **Report of Sales** – sales reports are required 60 days after the end of each fiscal quarter. Sales are reported for VA activities as well as Other Government Agencies (OGA). Zero sales must be reported.
- **Industrial Funding Fee (IFF)** – The IFF is a fee paid by customers to fund the cost of operating the Schedules program. Contractor must remit **0.5%** or **1%** of the total reported sales with each quarterly sales report depending on the schedule.

NOTE: Multiplication factor is .005 or .01



# Post-Award Actions

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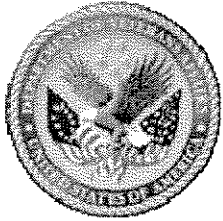
- **Termination for Convenience or Cause –**
  1. Convenience – Ordering activities reserve the right to cancel purchase/delivery orders placed against an FSS contract in whole or in part for their sole convenience.
  2. Cause – Ordering activities may terminate purchase/delivery orders placed against an FSS contract in whole or in part for cause in the event of any default by the contractor.
- **Cancellation** – either party (National Acquisition Center or Contractor) may cancel the FSS contract in whole or in part by providing a written notice. The cancellation will take effect 30 calendar days after receipt of notification.



# Post-Award Actions

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- **Small Business Subcontracting Plan – (FAR 19.7)**
  - If a company is a large business and the contract is valued at \$500,000 or more, a Small Business Subcontracting Plan is required.
  - There are two types of Small Business Subcontracting Plans:
    1. Commercial/Divisional plan – covers the contractor's fiscal year and applies to entire production of commercial items
    2. Individual plan – covers the entire contract period and applies to a specific contract.
    3. Exceptions



# Post-Award Actions

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- **Subcontracting Plan Reporting**
  - SF294/295 – ESRS
  - Electronic initiative
- **Novation/Change of Name**
  - Need legal involvement
  - Covered under FAR Part 42
  - Inform CO as soon as possible

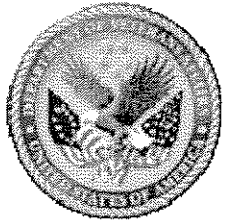


# Post-Award Actions

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## How pricing is monitored

- Contractor may perform self-audits and provide voluntary disclosures.
- Disclosures by Customers and Competitors
- Monitoring – sales reports and contracts are reviewed for trends and contractor compliance.
  - Business size re-certification
- Post Award Audits – If deemed necessary



# Post-Award Actions

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## Contractor Responsibility

- Maintain Integrity of Awarded Product and Prices
- Continue to Market Products to individual activities (FedMarts, Trade Shows, etc.)
- Submit timely/Quarterly sales reports and other deliverables e.g. subcontracting plans if applicable, printed pricelist, etc.
- Periodically update published price list based on contract changes (products & prices etc.)



# Post-Award Actions

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## Government Customer Responsibility

- Adhere to the terms and conditions of the contract
- Review 3 or more contractors if purchase exceeds \$2500 (micro-purchase threshold)
- Attempt to negotiate lower price based on commitment
- Timely Payments (EFT)
- Request price reduction for large buys over Maximum Order under contract





# Post-Award Actions

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## Terms and Conditions

- **Blanket Purchase Agreements (BPAs)**

Blanket Purchase Agreements are accounts that ordering activities establish with Schedule contractors to fill recurring requirements. BPA provisions are contained in all Federal Supply Schedule contracts.

- FAR Part 13 – pre-negotiation concession for commitment
- Incentive Agreements – market share, performance arrangements, etc.
- BPA review process handled by NAC
- VA Standardization program – National Contract Service



# Post-Award Actions

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## Leasing

- Leasing options for medical equipment acquisitions are available on many contracts. The decision to purchase or lease is at the discretion of the acquiring ordering activity. Only equipment offered on a Federal Supply Schedule may be leased under the schedule.



# FSS Related Programs

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- **Standardization** – Federal initiative to award national contracts or Blanket Purchase Agreements to preferred sources in order to standardize the VA's purchasing of products while securing the lowest possible pricing or best value procurement.
- **Government Prime Vendor** – affords participating VA ordering facilities a vehicle to do one-stop shopping for just-in-time delivery of pharmaceutical and medical/surgical products.
- **Distribution & Pricing Agreements (DAPA)** – affords participating DOD ordering facilities a vehicle to do one-stop shopping for just-in-time delivery of pharmaceutical and medical/surgical products.



# Electronic Commerce Tools

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Schedules E-Library (schedule information)

[www.gsaelibrary.gsa.gov](http://www.gsaelibrary.gsa.gov)

GSA Advantage! / e-Buy (GSA Schedule 70, SIN 152-51)

[www.gsaadvantage.gov](http://www.gsaadvantage.gov)

VA PBM for pharmaceuticals

[www.pbm.va.gov](http://www.pbm.va.gov)

NAC Contract Catalog Search Tool

<http://www1.va.gov/oamm/acquisitions/nac/index.htm>



# Director and Assistant Directors

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**Carole O'Brien**

Director, Federal Supply Schedule Service  
(708) 786-4957

**Cheryl Ward-Roberts**

Assistant Director, Pharmaceutical, Dental and Other  
(708) 786-5259

**Dore Fessler**

Assistant Director, Medical Services  
(708) 786-5223

**Paul Skalman**

Assistant Director, Medical Equipment and Supplies  
(708) 786-5247



# Schedule Managers

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## **Monee Robinson**

Schedule Manager

65IIA -Medical Equipment and Supplies

(708) 786-5183

## **Sandra Perkins**

Schedule Manager

65 IIC - Dental Equipment and Supplies

65IIF - Patient Mobility Devices

65 VA - X-Ray Equipment and Supplies

(708) 786-4958

## **Bob Satterfield**

Schedule Manager

65 IB - Pharmaceuticals

65 VII - Diagnostics, Reagents, Test Kits and Sets

(708) 786-4955



# Schedule Managers

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## **Darlene McGary**

Schedule Manager

621 II – Medical Laboratory Testing and Analysis

66 III – Cost-Per-Test, Clinical Laboratory Analyzers

(708) 786-5246

## **Linda Smith**

Schedule Manager

621 I – Professional and Allied Healthcare Staffing

Teleradiology Initiative

(708) 786-5194